

United States Senate

WASHINGTON, DC 20510

September 30, 2004

The Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate

The Honorable Bill Thomas
Chairman
Committee on Ways & Means
U.S. House of Representatives

The Honorable Max Baucus
Ranking Member
Committee on Finance
United States Senate

The Honorable Charles Rangel
Ranking Member
Committee on Ways & Means
U.S. House of Representatives

Dear Chairmen and Ranking Members:

The Senate-passed version of JOBS bill, S. 1637, contains an important provision that will give a well-deserved tax cut to employers who continue to pay the salaries of their employees who have been called to active duty in Iraq and Afghanistan. As you convene the conference committee on this important legislation, we want to encourage you to retain this provision in the final conference bill.

Over 410,000 members of the National Guard and Reserve have been activated to defend our Nation since September 11, 2001. They have done so with valor and honor, but the frequent and lengthy activations have exposed problems on the home-front. The Government Accountability Office reports that forty-one percent of our Guard and Reserve personnel take pay cuts from their civilian jobs when they put on their uniforms. While a husband or wife is deployed overseas, spouses back home face difficulties in making ends meet because active duty pay-checks are often far less than those received in the civilian world. This causes our troops to divert their attention from the mission to worrying whether or not their spouses can afford the mortgage, auto repairs, or child care.

Many employers have helped to ease this burden by making up the "pay-gap" between the civilian and military pay of their active duty employees, something that they are not required to do. However, the economic downturn has made it difficult for most employers to make up the pay-gap. Additionally, as we continue to rely on the Guard and Reserve for future deployments, those employers who currently make up the pay-gap may no longer be able to provide payments to employees frequently missing from work for months and years.

The provision in S. 1637 gives employers a 50 percent tax credit on the salaries they pay to employees during activations up to \$30,000 of salary. This tax credit will encourage those employers already providing for their employees to continue this patriotic response. In addition, the provision also gives small businesses a \$6,000 tax credit for hiring a worker to replace an active duty employee. Small manufacturers would receive a credit of up to \$10,000 to help find a replacement.

We urge the Conference to retain the Reserve and Guard employer tax credits in the final JOBS Act. Our troops are putting everything on the line overseas. Their employers are helping them at home. These patriotic employers deserve this tax relief. Thank you for your consideration.

Sincerely,

Mary L. Gordon

Jeff Bond

Mark Pryor
Chris Dodd

Patty Murray
John McCain

Samuel Alito

Martin Armstrong

Byron L. Long

Charles Schumer

Robert A. Mikulski

Bill Nelson

Frank R. Lautenberg

Joe Lieberman

Ann Feigal

Mark Dayton

Paul Luth

Din Durin

Patrick Leahy

Caldwell

Tom Wyder